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CUSTOMER NOTICE

EXCHANGE CONTROL DIRECTIVE FXD5/2026

We wish to advise you of the key provisions of Foreign Exchange Directive FXD5/2026, issued following the Monetary Policy Statement of 27 February 2026. The Directive operationalises policy measures aimed at deepening domestic currency (ZiG) usage and consolidating price and exchange rate stability.

Below is a summary of the main measures that may affect your operations:

1. Foreign Currency Retention for Exporters

- The foreign currency retention threshold remains at 70% of gross export proceeds. The remaining 30% must be sold to the RBZ at the prevailing Weighted Average Willing Buyer–Willing Seller (WBWS) Interbank Exchange Rate.

2. Payment Arrangements for the Gold Delivered to the Refiners

- Effective 1 March 2026, to promote domestic currency usage, for gold delivered to Refiners, the following payment modalities shall apply:
 - Artisanal and Small-Scale Gold Miners (ASGM) - 90% paid in foreign currency and 10% in local currency.
 - Large-Scale Gold Miners (LSGM): 70% paid in foreign currency and 30% in local currency

3. Local Financing and Production of Seed Cotton

- In line with the Exchange Control (Cotton Finance) (Amendment) Order, 2026 (No. 1), published in Statutory Instrument 23 of 2026, seed cotton merchants may now finance production and buyback of seed cotton using own resources or borrow or raise funds from the local market without seeking prior approval from RBZ.
- For borrowed foreign currency, upon drawdown for the purchase/buyback of seed cotton, 30% must be sold to RBZ and local equivalent credited into a special (ZiG) Seed Cotton Buying Account.
- The remaining 70% must be credited into a special (FCA) Seed Cotton Buying Account.
- As part of promotion of usage of local currency, seed cotton growers shall be paid 70% in foreign currency and 30% in local currency for delivered seed cotton.

4. Local Financing for the Production and Purchasing of Green Leaf Tobacco

- In line with the Exchange Control (Tobacco Finance) (Amendment) Order, 2026 (No. 2), published in Statutory Instrument 24 of 2026, tobacco merchants may now finance production and buyback of the green leaf tobacco using own resources or borrow or raise funds from the local market without seeking prior approval from RBZ.
- For borrowed foreign currency, upon drawdown for the purchase/buyback of green leaf tobacco 30% must be sold to RBZ and local equivalent credited into a special (ZiG) Tobacco Buying Account.
- The remaining 70% must be credited into a special (FCA) Tobacco Buying Account.
- As part of promotion of usage of local currency, seed cotton growers shall be paid 70% in foreign currency and 30% in local currency for delivered green leaf tobacco.

5. Settlement of Value for Delivered Crops for Export

- All crops acquired for export must be settled not more than 70% in foreign currency and not less than 30% in domestic currency.

6. Tourism Industry – Foreign Currency Accounting

- The Reserve Bank has raised concerns over non-declaration and non-banking of foreign currency receipts by most tourism operators.
- To enhance accounting of these receipts, effective 1 March 2026, all non-consumptive tourism operators (excluding exclusive sport hunting) must complete and submit Form TRAS 1 online, together with bank statements, by the 7th of each month.
- Following the expanded destination marketing in tour package development and to enhance ease of doing business, cross-border downstream payments from Transitory FCAs are now permissible

7. Cross-Border Road Freight Operators – Foreign Currency Accounting

- RBZ has raised concern that some cross-border road freight operators are failing to properly complete and acquit Foreign Currency Declaration Form No. 3 (CD3). This non-compliance has resulted in revenue leakages, externalisation of foreign currency, weakened local banking relationships and tax evasion.
- All operators are reminded to ensure full and timely compliance with Form CD3 declaration requirements to avoid regulatory penalties which include hefty fines and blacklisting in the RBZ CEPECS system.

8. Greenfield Foreign Investments

- The gearing ratio (debt-to-equity) for Greenfield Foreign Direct Investments remains capped at 2:1.
- Public-Private Partnership (PPP) projects (e.g., Build Operate and Transfer (BOT) arrangements are exempt from this limit.

9. Offshore Settlement of Domestic Transactions

- RBZ has observed a rise in requests by locally incorporated companies to settle domestic transactions offshore.
- Clients are advised that all domestic transactions between locally incorporated entities must be settled locally.

- Operation of offshore accounts will only be considered for external debt servicing.

10. Daily Reference Exchange Rate

- RBZ will continue publishing the Daily Reference Exchange Rate on its website, calculated based on WBWS interbank transactions.
- An electronic Foreign Exchange Market Trading System is under development and will be communicated once ready for deployment.

11. Transition Toward Mono-Currency (ZiG)

- The move toward exclusive use of ZiG for domestic transactions will be gradual and based on achieving macroeconomic stability conditions as outlined in the National Development Strategy 2 (NDS2) 2026–2030.
- These conditions include low and stable inflation, adequate foreign currency reserves, exchange rate stability, financial sector stability, fiscal and monetary discipline.
- Under mono-currency domestic goods and services will be paid exclusively in local currency while foreign currency will remain available for bona fide external payments.
- FCA accounts, USD-denominated assets (including VFEX-listed equities, foreign currency denominated pension funds, treasury bills) and foreign currency loans will remain denominated in foreign currency.

12. Compliance and Enforcement

- Compliance is critical to maintaining market integrity. Non-compliance may result in fines, reputational damage, license suspension or legal action.
- Enforcement and monitoring will be intensified.
- Clients are encouraged to review internal processes to ensure compliance.

The updated 2026 Foreign Exchange Guidelines are available on the RBZ website <https://www.rbz.co.zw> under Capital Flows Management section. Engage with POSB Exchange Control for clarification where necessary.

Thank you for choosing us.